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CENTRAL INTELLIGENCE GROUP  
INTELLIGENCE REPORT

COUNTRY Austria

SUBJECT USIA  
USIA Activities in Textile Industry

**ORIGIN**

**DATE:**

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SUPPLEMENT

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1. Engineer Alexander Fuchs was called  
Sagarin, chief

1. Engineer Alexander Fuchs was called to USIA [redacted] by Utkin and Sagarin, chief and deputy chief of the USIA Light Industry Division. Utkin explained that the Russians desire to step up the textile industry in their zone. They need a representative to obtain [redacted] cotton, [redacted] yarns, and rags. They suggested these goods be obtained in small quantities on an experimental basis by Krause and Company, a firm operated under the direction of the Degos trading company, with Fuchs as chief. About 50 tons of cotton, 30 tons of yarn, and 20 tons of rags are to be bought [redacted]
2. [redacted] Sagarin instructed a [redacted] subordinate to sell three million schillings worth of textile goods as soon as possible. He said that the present devaluation of the Austrian currency will have no effect on the Russians. Utkin upheld this view and stated that the currency devaluation applied to the Austrians and not to the Russians who would lose nothing in the exchange.
3. [redacted] the Russians will sell textiles for schillings to countries in the eastern bloc, as they have no immediate outlet. Engineer Fuchs is to attempt to arrange trade connections [redacted]
4. [redacted] the Soviets have insufficient textile capacity in their factories in Austria to develop a large textile industry. Utkin is reported to have said that capacity and quality would be improved by the imminent requisitioning of the Voelslauer Kanngarn-Fabrik, AG, in Bad Voelslau. The present manager of the Voelslau textile plant and chief of the Textilverband is Meyer-Gunthof, [redacted] Com-  
Meyer-Gunthof has been one of most prosperous among the Austrians collaborating with the Russians. If he is tossed out, it might have a constructive effect on other Austrians. However, the loss of the Voelslau textile plant to the Russians will be a big blow to the Austrian textile industry.

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